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**SENATE BILL 5305**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Fortunato, Lias, Darneille, Hasegawa, Hunt, Lovelett, Randall, and Rivers

Read first time 01/20/21. Referred to Committee on Ways & Means.

1 AN ACT Relating to allowing medicare supplemental insurance  
2 premiums to be deducted from the calculation of disposable income for  
3 the purpose of qualifying for senior property tax programs;  
4 reenacting and amending RCW 84.36.383; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.36.383 and 2020 c 209 s 3 are each reenacted and  
7 amended to read as follows:

8 As used in RCW 84.36.381 through 84.36.389, unless the context  
9 clearly requires otherwise:

10 (1) "Combined disposable income" means the disposable income of  
11 the person claiming the exemption, plus the disposable income of his  
12 or her spouse or domestic partner, and the disposable income of each  
13 cotenant occupying the residence for the assessment year, less  
14 amounts paid by the person claiming the exemption or his or her  
15 spouse or domestic partner during the assessment year for:

16 (a) Drugs supplied by prescription of a medical practitioner  
17 authorized by the laws of this state or another jurisdiction to issue  
18 prescriptions;

19 (b) The treatment or care of either person received in the home  
20 or in a nursing home, assisted living facility, or adult family home;  
21 and

1 (c) Health care insurance premiums for medicare under Title XVIII  
2 of the social security act and medigap or medicare supplement  
3 insurance premiums.

4 (2) "Cotenant" means a person who resides with the person  
5 claiming the exemption and who has an ownership interest in the  
6 residence.

7 (3) "County median household income" means the median household  
8 income estimates for the state of Washington by county of the legal  
9 address of the principal place of residence, as published by the  
10 office of financial management.

11 (4) "Department" means the state department of revenue.

12 (5) "Disability" has the same meaning as provided in 42 U.S.C.  
13 Sec. 423(d)(1)(A) as amended prior to January 1, 2005, or such  
14 subsequent date as the department may provide by rule consistent with  
15 the purpose of this section.

16 (6) "Disposable income" means adjusted gross income as defined in  
17 the federal internal revenue code, as amended prior to January 1,  
18 1989, or such subsequent date as the director may provide by rule  
19 consistent with the purpose of this section, plus all of the  
20 following items to the extent they are not included in or have been  
21 deducted from adjusted gross income:

22 (a) Capital gains, other than gain excluded from income under  
23 section 121 of the federal internal revenue code to the extent it is  
24 reinvested in a new principal residence;

25 (b) Amounts deducted for loss;

26 (c) Amounts deducted for depreciation;

27 (d) Pension and annuity receipts;

28 (e) Military pay and benefits other than attendant-care and  
29 medical-aid payments;

30 (f) Veterans benefits, other than:

31 (i) Attendant-care payments;

32 (ii) Medical-aid payments;

33 (iii) Disability compensation, as defined in Title 38, part 3,  
34 section 3.4 of the Code of Federal Regulations, as of January 1,  
35 2008; and

36 (iv) Dependency and indemnity compensation, as defined in Title  
37 38, part 3, section 3.5 of the Code of Federal Regulations, as of  
38 January 1, 2008;

39 (g) Federal social security act and railroad retirement benefits;

40 (h) Dividend receipts; and

1 (i) Interest received on state and municipal bonds.

2 (7) "Income threshold 1" means:

3 (a) For taxes levied for collection in calendar years prior to  
4 2020, a combined disposable income equal to thirty thousand dollars;  
5 and

6 (b) For taxes levied for collection in calendar year 2020 and  
7 thereafter, a combined disposable income equal to the greater of  
8 "income threshold 1" for the previous year or forty-five percent of  
9 the county median household income, adjusted every five years  
10 beginning August 1, 2019, as provided in RCW 84.36.385(8).

11 (8) "Income threshold 2" means:

12 (a) For taxes levied for collection in calendar years prior to  
13 2020, a combined disposable income equal to thirty-five thousand  
14 dollars; and

15 (b) For taxes levied for collection in calendar year 2020 and  
16 thereafter, a combined disposable income equal to the greater of  
17 "income threshold 2" for the previous year or fifty-five percent of  
18 the county median household income, adjusted every five years  
19 beginning August 1, 2019, as provided in RCW 84.36.385(8).

20 (9) "Income threshold 3" means:

21 (a) For taxes levied for collection in calendar years prior to  
22 2020, a combined disposable income equal to forty thousand dollars;  
23 and

24 (b) For taxes levied for collection in calendar year 2020 and  
25 thereafter, a combined disposable income equal to the greater of  
26 "income threshold 3" for the previous year or sixty-five percent of  
27 the county median household income, adjusted every five years  
28 beginning August 1, 2019, as provided in RCW 84.36.385(8).

29 (10) "Principal place of residence" means a residence occupied  
30 for more than six months each calendar year by a person claiming an  
31 exemption under RCW 84.36.381.

32 (11) The term "real property" also includes a mobile home which  
33 has substantially lost its identity as a mobile unit by virtue of its  
34 being fixed in location upon land owned or leased by the owner of the  
35 mobile home and placed on a foundation (posts or blocks) with fixed  
36 pipe, connections with sewer, water, or other utilities. A mobile  
37 home located on land leased by the owner of the mobile home is  
38 subject, for tax billing, payment, and collection purposes, only to  
39 the personal property provisions of chapter 84.56 RCW and RCW  
40 84.60.040.

1           (12) The term "residence" means a single-family dwelling unit  
2 whether such unit be separate or part of a multiunit dwelling,  
3 including the land on which such dwelling stands not to exceed one  
4 acre, except that a residence includes any additional property up to  
5 a total of five acres that comprises the residential parcel if this  
6 larger parcel size is required under land use regulations. The term  
7 also includes a share ownership in a cooperative housing association,  
8 corporation, or partnership if the person claiming exemption can  
9 establish that his or her share represents the specific unit or  
10 portion of such structure in which he or she resides. The term also  
11 includes a single-family dwelling situated upon lands the fee of  
12 which is vested in the United States or any instrumentality thereof  
13 including an Indian tribe or in the state of Washington, and  
14 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
15 residence is deemed real property.

16           NEW SECTION.   **Sec. 2.** Section 1 of this act applies to taxes  
17 levied for collection in 2022 and thereafter.

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